

John W. Lucas (CA Bar No. 271038)
Jason H. Rosell (CA Bar No. 269126)
Pachulski Stang Ziehl & Jones LLP
150 California Street, 15th Floor
San Francisco, California 94111-4500
Telephone: 415.263.7000
Facsimile: 415.263.7010
Email: jluca@pszjlaw.com
jrosell@pszjlaw.com

Attorneys for Sedgwick, LLP

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

In re:

SEDGWICK, LLP,

Debtor.

Case No.: 18-31087-HLB

Chapter 11

**SEDGWICK, LLP'S CHAPTER 11 THIRD
STATUS CONFERENCE REPORT**

Date: May 16, 2019

Time: 10:00 a.m.

Place: 450 Golden Gate Avenue
Courtroom 19

San Francisco, CA 94102

Judge: Honorable Hannah L. Blumenstiel

Sedgwick LLP, the debtor and debtor in possession in the above-captioned case (the "**Debtor**") hereby submits this third status conference statement (the "**Status Conference Statement**") in response to the Court's docket entry rescheduling the status conference and the date for a new status conference report entered by the Court on February 7, 2019. The Debtor filed its first and second status conference statements on December 13, 2018 and February 6, 2019, respectively. The Debtor will not repeat the information in the first and second statements but only describe events that have occurred since the filing of the latest statement. The Debtor respectfully states as follows:

I.

SCHEDULE FOR FILING PLAN

The Debtor does not have a defined timeline to file a plan. The Debtor and the Official Committee of Unsecured Creditors (the “**Committee**”) met on December 17, 2018 and again on March 11, 2019 to discuss a consensual resolution regarding the potential constructive fraudulent transfer claims against former equity partners.

Since that time, the parties have made offers and counteroffers to settle these but the proposed terms were not acceptable to all parties. The Debtor and the Committee have agreed to mediate these claims and have agreed on a mediation date of May 23, 2019, and a mediator, Michael Cooper. The Debtor has been in discussions with former equity partners about the terms and financial commitments to fund any settlement. The Debtor continues to be optimistic that the parties will eventually be able to reach a settlement.

In addition, the Court extended the Debtor’s exclusive period through May 16, 2019. The Debtor has also agreed with the Committee that the Debtor’s exclusive period will expire at the end of day on June 17, 2019. Absent any objections to the pending motion, the Debtor and the Committee intend to present a revised form of exclusivity order to the Court for consideration.

II.

MONTHLY OPERATING REPORTS AND DIP ACCOUNTS

The Debtor filed the following monthly operating reports (“**MOR**”) since the last status statement: [Docket Nos. 163, 198, and 215]. The Debtor will continue to file its MORs and pay United States Trustee Fees as and when they come due.

III.

DISPOSITION OF FORMER CLIENT FILES

The Debtor operated a law firm for over 85 years. The Debtor acquired documents and other files that presumably belong to former clients. It was common for the Debtor to store such documents with a third-party that specializes in the storage of client files. The Debtor has mailed all former clients advising them of the process in place to retrieve their files. The Debtor expects the disposition of former client files to be complete by June 30p 2019.

IV.

ACCOUNTS RECEIVABLE

The Debtor's Court approved collection consultants have been actively engaged in the collection of outstanding accounts receivable. As reflected in the schedules of assets and liabilities, the Debtor estimated that approximately \$1,000,000 of the outstanding accounts receivable would be collected. Since the petition date, On-Site and C&C have collected approximately \$1,285,560 in U.S. balances, \$70,609 in UK balances, and \$19,254 in Bermuda balances for a total of \$1,375,423. The Debtor and its collection consultants are hopeful they will be able to continue collecting more than what the Debtor originally estimated.

V.

NOTICE

Notice of this Status Conference Statement was served on (i) the Office of the United States Trustee; (ii) counsel to the Official Committee of Unsecured Creditors; and (iii) all parties requesting service.

Dated: May 9, 2019

PACHULSKI STANG ZIEHL & JONES LLP

By: /s/ John W. Lucas

John W. Lucas

Attorneys for Sedgwick, LLP